

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 6069**

**BILL NUMBER:** HB 1181

**DATE PREPARED:** Dec 15, 2001

**BILL AMENDED:**

**SUBJECT:** County Solid Waste District Property Tax Rate.

**FISCAL ANALYST:** Michael Squires

**PHONE NUMBER:** 233-9456

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill permits a single county solid waste management district to impose a property tax rate calculated to achieve the district's maximum permissible levy if the current maximum property tax rate resulted in collections with respect to 2001 taxes payable in 2002 in an amount less than the maximum permissible levy.

**Effective Date:** July 1, 2002.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** The state's expense for property tax replacement credits (PTRC) could be increased under this bill. Based on the possible additional levies estimated below, the state could have an additional PTRC liability of \$109,000 (20% of \$545,129) per year beginning in CY 2003.

PTRC is paid from the Property Tax Replacement Fund which is annually supplemented by the state General Fund. Any additional PTRC expenditures would ultimately come from the General Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Under current law, solid waste management districts are subject to both a maximum permissible levy and a maximum rate of \$0.25 per \$100 of assessed value. Because of a change in the definition of assessed value that will take effect with the 2001 payable 2002 tax year, the current \$0.25 maximum tax rate will be equal to \$0.0833 in 2002. These scheduled changes do not affect tax levies or tax bills in any way. However, for clarity, tax rates in this estimate will be expressed in 2000 terms.

This bill would permit a solid waste management district to exceed the maximum tax rate beginning in 2003

if the district imposes the maximum rate in 2002, but generates a levy that is less than the maximum permissible levy. CY 2002 tax rates will not be finalized until early 2002. Therefore, this estimate is based on CY 2001 tax rates and levies.

In CY 2001 there was only one district, Lawrence County, that imposed the full \$0.25 tax rate. Two additional districts had rates approaching the maximum: Gibson County @ \$0.2248 and Washington County at \$0.2300. The \$0.25 maximum tax rate is not enough to generate the maximum permissible levy for Gibson County or Lawrence County, but is enough to generate the maximum permissible levy for Washington County. Two other counties, Daviess County and Martin County, also have maximum permissible levies greater than that generated by the \$0.25 maximum rate. Daviess County currently has a \$0.0254 rate while Martin County has a \$0.1365 rate, which provides room for a ten-fold expansion in the tax levy for Daviess and a two-fold expansion for Martin, suggesting that these counties are unlikely to make use of this provision in the immediate future.

The following estimate assumes that districts with 2001 tax rates at or approaching the \$0.25 rate limit and a maximum permissible levy greater than that possible under the \$0.25 tax rate limit will impose the maximum rate in 2002, and that those districts would take full advantage of the additional levy authority under this bill. The actual fiscal impact of this bill depends on local action.

<b>District</b>	<b>2001 Tax Rate</b>	<b>Additional Levy Under Proposal</b>	<b>Additional Tax Rate Under Proposal</b>
Gibson County	\$0.2248	\$84,396	\$0.0236
Lawrence County	\$0.2500	\$460,733	\$0.1728
Total		\$545,129	

**State Agencies Affected:** Department of Local Government Finance.

**Local Agencies Affected:** County Solid Waste Management Districts.

**Information Sources:** Local Government Database, State Board of Tax Commissioners.